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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

VP 3-5-0302

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ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

SEC FILE NUMBER
8- 53619

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING July 16, 2001 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Veritas Capital Advisors LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM ☐ NO ☐660 Madison Ave 14th Floor

(Not and Street)

New York
(City)NY
(State)10021
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John J. Bolebruch212 688 0020

(Area Code - Telephone Number)

B ACCOUNTANT IDENTIFICATION

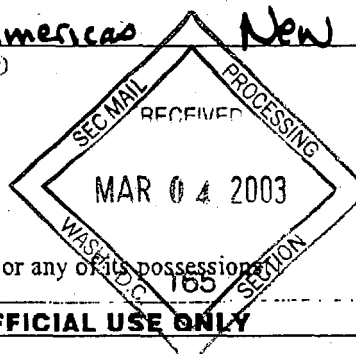
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Price Waterhouse Coopers LLP

(Name - if individual, state last, first, middle name)

1177 Avenue of the Americas New York NY 10036
(Address) (City) (State) (Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions

PROCESS

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FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240(17a-5)(e)(2)

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OATH OR AFFIRMATION

I, John J Bolebruch, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Veritas Capital Advisors, LLC, as of December 31, 20 02, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Signature]
Signature
Supervisory Partner
Title

[Signature]
Notary Public

RITA MARLOWE
Notary Public, State of New York
No. 24-4748191
Qualified in Kings County
Commission Expires April 30, 2003

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page[]
- ☒ (b) Statement of Financial Condition[]
- ☒ (c) Statement of Income (Loss)[]
- ☐ (d) Statement of Changes in Financial Condition[]
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital[]
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors[]
- ☒ (g) Computation of Net Capital[]
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3[]
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3[]
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3[]
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation[]
- ☒ (l) An Oath or Affirmation[]
- ☐ (m) A copy of the SIPC Supplemental Report[]
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit[]

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3)[]

**Report of Independent Accountants on Internal Accounting
Control Required by SEC Rule 17a-5**

To the Member of
Veritas Capital Advisors LLC:

In planning and performing our audit of the financial statements and supplemental schedules of Veritas Capital Advisors LLC (the "Company") for the period of May 1, 2002 (commencement of operations) through December 31, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3(a)(11);
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in

accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the SEC's objectives.

This report is intended solely for the information and use of the management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

February 27, 2003

Veritas Capital Advisors LLC

**Statement of Financial Condition
as of December 31, 2002**

Report of Independent Accountants

To the Member of
Veritas Capital Advisors LLC:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Veritas Capital Advisors LLC (the "Company") at December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

February 27, 2003

Veritas Capital Advisors LLC
Statement of Financial Condition
December 31, 2002

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Assets

Cash	\$ 123,245
Due from affiliate	4,215
Prepaid expenses	<u>6,258</u>
Total assets	<u>\$ 133,718</u>

Liabilities and Stockholder's Equity

Liabilities:

Accrued expenses	<u>\$ 34,770</u>
Total liabilities	<u>34,770</u>

Member's capital:

Paid-in capital	958,826
Accumulated deficit	<u>(859,878)</u>
Total stockholder's equity	<u>98,948</u>
Total liabilities and member's capital	<u>\$ 133,718</u>

The accompanying notes are an integral part of the statement of financial condition.

1. Organization

Veritas Capital Advisors LLC (the "Company"), is a Delaware limited liability company which was organized on July 16, 2001. The Company is a registered broker-dealer pursuant to the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. since May 1, 2002 (commencement of operations). Veritas Capital Management L.L.C. ("VCM") is the sole member of the Company. The Company offers various kinds of securities only on an agency basis in private placements and offers merger and acquisition advisory services.

2. Summary of Significant Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company records placement fees and related expenses on trade date. The Company records certain expenses paid on its behalf by VCM as capital contributions. The aggregate amount of these capital contributions was \$875,323 for the period of July 16, 2001 through December 31, 2002.

The fair value of financial assets and liabilities, consisting primarily of receivables and payables relating to prepaid expenses and to accrued expenses, is considered to approximate the carrying value due to the short-term nature of the financial instruments.

In the normal course of business the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

3. Related-Party Transactions

VCM has committed to provide financial support to the Company for an indefinite period of time, if needed, to enable the Company to meet its minimum requirement set out in Rule 15c3-1.

4. Regulatory Requirements

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that aggregate indebtedness shall not exceed 8 times net capital or \$5,000, whichever is greater. As of December 31, 2002, the Company's net capital was \$88,475 which exceeded the net capital requirement of \$5,000 by \$83,475 and its ratio of aggregate indebtedness to net capital was .39 to 1. The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 under paragraph (K)(2)(i) thereof because transactions are limited to private placements on an agency basis and no customer funds or securities are held.

5. Concentration

The Company's cash is held at a major financial institution.

6. Income Taxes

The Company is a single member LLC and is not a tax paying entity for Federal and State income tax purposes. Income or loss from the Company's operations is included in the determination of the taxable income of its sole member.